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POLICY

USAID/General Notice
M/MPI
03/29/96

SUBJECT: Automated Directives System: Chapter 592, Performance Audit Management

Purpose: This Notice officially distributes Chapter 592 of Series 500 (**Management Services**) within the Automated Directives System (**ADS**). This chapter will also be distributed on the next Directives Resource CD (**DR-CD**).

Substitution: Chapter 592 replaces policies and procedures pertaining to **performance audits** in the following existing documents:

1. Handbook 19, Attachment 16A: "**Audit Follow-up and Resolution Policy and Procedures**", 12/30/89.
2. USAID General Notice: "**Audit Management and Resolution Program (AMRP)**", 4/3/92.

Please note that the above references remain in effect for **financial audits** until updated policies and procedures are issued within the ADS.

Changes: Chapter 592 reflects major policy and procedural changes in the management of performance audits, and is effective immediately. Major changes include:

1. A new Consolidated Audit Tracking System (**CATS**) - A single Agency audit recommendation tracking and follow-up system has been created, which will be jointly managed and maintained by the Office of Management Planning and Innovation (**M/MPI**), the Office of Procurement (**M/OP**), and the Office of the Inspector General (**OIG**).
2. No distinction between "**closure**" and "**final action**" - Henceforth, there will be no difference between the closure and final action stages of recommendation follow-up. This applies most directly to monetary recommendations, where formerly, a recommendation could be closed upon

issuance of a bill for collection. Closure shall now occur when the required recovery or other action has actually been taken. Refer to Chapter 592 for additional information.

3. Transfer of responsibility for closure decisions - Effective immediately, Agency management (**M/MPI/MIC**), rather than the OIG, shall determine when sufficient corrective action has been accomplished to close recommendations, based on written closure requests from USAID officials.

4. New procedures to facilitate policy changes - The following actions, effective immediately, will facilitate the changes to the audit follow-up process:

a. Audit Report Distribution - When any type of audit report is issued, a copy shall be sent to M/MPI/MIC.

b. Resolution Process - The OIG will continue to manage open recommendations through resolution. Requests for resolution are still sent to the cognizant OIG office; however, copies shall be sent to MPI. The OIG shall ensure that MPI also receives a copy of all resolution decisions. In addition, the originator must ensure that MPI receives a copy of other documentation related to a resolution decision.

c. Closure Process - All requests for closure action shall be addressed to M/MPI/MIC. The OIG will no longer make closure decisions on recommendations contained in their audit reports.

Applicability: Chapter 592 and this Notice outline policies and procedures that apply to performance audits issued by the OIG. Policies/procedures for GAO audits are found in Chapter 593 (**issued 12/12/95**), and new guidance for financial audits will be issued in the near future (**Chapter 591 is reserved for this purpose**).

Point of Contact: Questions concerning this Notice may be directed to Connie Turner, M/MPI/MIC, (202) 647-2481.

Notice 338

DRCD8\5926s